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## **FORMER PUBLIC RELATIONS SPECIALIST MICHAEL SCANLON PLEADS GUILTY TO CORRUPTION AND FRAUD CONSPIRACY**

WASHINGTON, D.C. – Former public relations specialist Michael P.S. Scanlon has pleaded guilty to a charge of participating in a conspiracy with others to commit bribery, mail and wire fraud, and honest services fraud from at least January 2000 through at least April 2004, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Scanlon, 35, entered his plea today at U.S. District Court in the District of Columbia, before Judge Ellen Segal Huvelle. Under the terms of a plea agreement, Scanlon faces up to five years in prison, a fine of up to \$250,000 and mandatory restitution estimated to be approximately \$20 million. Scanlon has agreed to cooperate with law enforcement officials in an ongoing investigation.

According to the plea agreement signed by Scanlon, from March 2000 through 2001 he was employed in the Washington, D.C. offices of two law firms. During this time, Scanlon also formed and began to operate Capital Campaign Strategies, LLC, a company which provided grassroots work, public relations services and election campaign support. Scanlon also formed other companies which were used essentially to receive funds from clients for work performed by CCS and others. A person described as Lobbyist A was employed as a lobbyist in these same law firms and recruited Scanlon to these firms.

Scanlon admitted that he and Lobbyist A conspired to obtain contracts for services from four Native American Indian tribes that either operated or were interested in operating gaming casinos. Each of these four clients, which were tribes located in Mississippi, Louisiana, Texas, and Michigan, hired Lobbyist A to give advice regarding how best to limit competition from competing casinos or, in one instance, to re-open a previously closed casino. Once Lobbyist A had established a relationship with the tribal clients, he told them that they needed grass roots work and public relations services, and he recommended Scanlon and CCS as the primary vendor to provide these services. As Scanlon knew, the clients relied on Lobbyist A's recommendation because of Lobbyist A's expertise in these matters in deciding to hire Scanlon and CCS.

As part of the scheme, Scanlon and Lobbyist A agreed to charge fees that incorporated huge profit margins and then split the net profits in a secret kickback arrangement. As Scanlon knew, the secrecy of the kickback arrangement from the clients was crucial to the success of their scheme, and Scanlon and Lobbyist A concealed the arrangement from the tribal clients.

Scanlon also admitted that as one means of accomplishing results for their clients, he, Lobbyist A, and others engaged in a pattern of bribery through which one or both of them offered and provided a stream of things of value to public officials, including trips, campaign contributions, meals and entertainment in exchange for agreements that public officials would

use their official positions and influence to benefit the clients of Scanlon and Lobbyist A as well as Lobbyist A's businesses.

The plea agreement and a criminal information filed in court set forth one example of such conduct. Scanlon and Lobbyist A, together and separately, provided a stream of things of value to an official described as Representative #1 and members of his staff, including, but not limited to, a lavish trip to Scotland to play golf on world-famous courses, tickets to sporting events and other entertainment, regular meals at Lobbyist A's upscale restaurant, and campaign contributions for Representative #1, his political action committees and other political committees on behalf of Representative #1. At the same time, and in exchange for these things of value, Scanlon and Lobbyist A, together and separately, sought and received Representative #1's agreement to perform directly and through others a series of official acts, including but not limited to, agreements to support and pass legislation, agreements to place statements in the *Congressional Record*, meetings with Lobbyist A and Scanlon's clients, and advancing the application of a client of Lobbyist A for a license to install wireless telephone infrastructure in the House of Representatives.

As stipulated in the agreement, through this scheme CCS received net profits of approximately \$39,397,300. Of this amount, Scanlon kicked back approximately \$19,698,644 to Lobbyist A for his assistance to CCS in obtaining these profits.

This case is being prosecuted by Trial Attorneys Mary K. Butler and M. Kendall Day of the Public Integrity Section, which is headed by Chief Noel L. Hillman, and Guy D. Singer and Nathaniel B. Edmonds of the Fraud Section, which is headed by Acting Chief Paul E. Pelletier. The case is being investigated by a task force of federal agents including Special Agents of the Federal Bureau of Investigation, the General Services Administration Office of Inspector General, the Department of the Interior Office of the Inspector General, and the Internal Revenue Service.

The same task force and Justice Department offices are prosecuting the case of *United States v. David H. Safavian*, the former Administrator of the Office of Federal Procurement Policy at the Office of Management and Budget, which was indicted in the District of Columbia in September 2005.

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